

SIPC v BLMIS

Khan 5/25/2016

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES INVESTOR PROTECTION
CORPORATION,

Adv.Pro.No.
08-01789(SMB)

Plaintiff,

SIPA Liquidation

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,

(Substantially
Consolidated)

Defendant.

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In Re:

BERNARD L. MADOFF,

Debtor.

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Videotaped Deposition of DOROTHY KHAN, as
reported by Nancy C. Bendish, Certified Court
Reporter, RMR, CRR and Notary Public of the
States of New York and New Jersey, at the office
of BAKER HOSTETLER, 45 Rockefeller Plaza, New
York, New York, on Wednesday, May 25, 2016,
commencing at 2 p.m.

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1 recall that worked on the computer system like
2 you did at the time that you were there, other
3 than the names you've mentioned already?

4 A. That did what I did?

5 Q. On the computer system at the same
6 time that you did.

7 A. There weren't too many people, you
8 know. So pretty much I think I gave you pretty
9 much all the people that worked at least what I
10 did.

11 Q. Did you see Bernie Madoff on the
12 17th floor?

13 A. I did.

14 Q. About how often would you see
15 Bernie Madoff?

16 A. Not really, once in a while.

17 Q. Did Bernie Madoff supervise your
18 work in any way?

19 A. I don't -- I didn't really have
20 any direct contact with him.

21 Q. When did you stop working at
22 BLMIS?

23 A. When the company closed. January
24 2009, I think.

25 Q. I'm going to talk a little bit

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1 about the process of generating checks and
2 printing checks. Were BLMIS customers able to
3 withdraw money from their accounts?

4 A. I'm sure.

5 Q. Did BLMIS send checks to its
6 customers?

7 A. Yes.

8 Q. Did they send checks -- did BLMIS
9 send checks to its customers for amounts
10 withdrawn from BLMIS accounts?

11 A. That's a tricky one. BLMIS
12 accounts?

13 Q. If at any time my question doesn't
14 make sense or you need me to rephrase, just ask
15 and I'm happy to.

16 So, were checks generated for
17 customers --

18 A. Yes.

19 Q. -- who had BLMIS accounts?

20 A. Yes.

21 Q. Who was responsible for working on
22 those checks?

23 A. Again, I'm going to go back to
24 Frank, Annette, Jodi, Winnie, Simone, Erin,
25 Eric.

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1 Q. Did you assist with preparing
2 these checks?

3 A. I put them in the computer, I
4 printed them.

5 Q. How did you know when to input
6 checks into the computer?

7 A. Everything was given to you on a
8 daily basis. It would be handwritten, and
9 picked it up from there.

10 Q. What information were you given?
11 What did it look like?

12 A. Just maybe where there was a, how
13 should I say. So we had checks coming in, the
14 customer would send the money, which was a CA, I
15 believe a capital addition. So they would write
16 in the amount, whatever it was, the CA, the PW,
17 profit withdrawal.

18 Excuse me, okay, if I don't -- and
19 they have the name, the amount and that's pretty
20 much it. So you just put in whichever field was
21 the capital addition or the profit withdrawal.
22 And put in the field with the name and print.
23 Generated a check.

24 Q. When you put this information into
25 the computer system about checks, was that

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1 referred to as punching checks?

2 A. Yes.

3 Q. How often were you punching
4 checks?

5 A. Every day.

6 Q. Did anyone else work on punching
7 checks?

8 A. Alethea did. All the other people
9 had left, which names I don't remember. It was
10 just me and her, really.

11 Q. After a check was punched, what
12 happened next?

13 A. Just printed and put in the daily
14 work for the next day for whoever came in to
15 mail them out or whatever they had to do.

16 Q. What information was printed on
17 the checks?

18 A. Pretty much the amount of money a
19 customer was getting.

20 Q. Were the checks typically made out
21 to BLMIS customers?

22 A. Yes.

23 Q. Do you recall punching checks that
24 were not made out to BLMIS customers?

25 A. No.

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1 Q. Were some checks printed at the
2 end of a month?

3 A. Yes.

4 Q. Were some checks printed
5 quarterly?

6 A. Yes.

7 Q. And some checks were printed daily
8 as well, right?

9 A. Yes, they were the daily checks.

10 Q. Were the checks reviewed after you
11 printed them?

12 MR. KIRBY: Objection to form.

13 Q. Did you work on printing the
14 checks?

15 A. I did.

16 Q. After you printed the checks, do
17 you know if they were reviewed by anyone else?

18 A. I think so. Since I was pretty
19 much the night worker, I would do them in the
20 night and put them wherever the work was held
21 for the next day, so I'm sure the morning people
22 when they came they would review or whatever
23 they had to do before they got mailed. When I
24 say whatever, look them over, make sure they
25 were correct, the name, the amount. So, yes.

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1 Q. Were checks typically printed at
2 night?

3 A. Yes.

4 Q. Were checks typically punched at
5 night as well?

6 A. Yes. Well, pretty much, you know,
7 you finish up your day -- at the end of the day
8 when everything would come in, you know, that's
9 when the day was ended, really.

10 Q. So would you work on punching
11 checks toward the end of the day because you
12 have all the information you needed at that
13 time?

14 A. Yes.

15 Q. Would you get information about
16 what checks to punch throughout the day, or at
17 the end of the day?

18 A. End of the day.

19 Q. Were the checks printed along with
20 mailing labels for who would receive them?

21 A. Yes.

22 Q. Did you work on printing the
23 mailing labels for checks?

24 A. Yes.

25 Q. How did that work?

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1 A. How did it work? I think it got
2 generated automatically.

3 Q. Did it generate a mailing label
4 when you requested that a check be printed?

5 A. I don't know how that go, but I'm
6 sure however it was set up, it did get a label,
7 but I can't explain that one.

8 Q. Do you remember if when you
9 printed the checks the labels printed out at the
10 same time?

11 A. Yes.

12 Q. Or at two different times?

13 A. Same time, yes.

14 Q. Were the mailing labels made out
15 to BLMIS customers?

16 A. Yes.

17 Q. Did the name on the mailing label
18 match the name on the customer check?

19 A. Yes.

20 Q. Do you know who was responsible
21 for mailing the checks out of BLMIS?

22 A. Yes. So we had Sean, had a girl
23 named Sharda, those two work in the mailroom.

24 Q. What was the first name that you
25 said?

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1 A. Sean.

2 MR. KIRBY: John?

3 THE WITNESS: Sean.

4 Q. How were the checks given to Sean
5 and Sharda?

6 A. Winnie and Simone, I guess they
7 worked on it during the day and they would give
8 it to them and they were the mailroom people.

9 Q. When you say Winnie and Simone
10 worked on it during the day, do you mean they
11 worked on mailing the checks?

12 A. Maybe verifying the amount is
13 correct, going to the correct people and just
14 whatever they did on their part and then they
15 would give it to the mailroom people, who were
16 Sean and Sharda.

17 Q. So when your role in printing the
18 checks was done, did you provide that
19 information to Simone and Winnie?

20 A. Yes, I put it -- they had a
21 cabinet they would keep all the work for the
22 morning. Remember, I was an evening person, so
23 whatever happened in morning till then, I wasn't
24 there to see what was going on. But the work
25 was prepared so they could get it ready for the

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1 morning.

2 Q. Where was the cabinet located?

3 A. In one of the offices.

4 Q. Was it in the same area that you
5 worked in?

6 A. Not in my -- no. Everybody had
7 their work area, but no.

8 Q. Was your work area near the
9 computer system?

10 A. At one time it used to be, then
11 they changed the whole office.

12 Q. Who else was directly around you
13 in your work area?

14 A. There were two other girls, Maggie
15 and Charlene, but they had like a different
16 department, so...

17 Q. Do you know how checks were
18 tracked at BLMIS once they were sent?

19 A. No.

20 Q. Did you print any reports about
21 checks that were sent out of BLMIS?

22 A. Reports, did I print any reports.
23 Ask me that again a different way, did I print
24 any reports.

25 Q. Was there anything you entered

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1 into the computer system or printed out of the
2 computer system related to checks?

3 A. The checks would generate what is
4 called an advice comparison. We had the comp
5 which was the trade sheet and then we had one
6 advice comparison that generated when the checks
7 were printed.

8 Q. What did you do with those sheets?

9 A. I gave everything to the morning
10 people and they took it from there.

11 Q. Were there any other documents
12 that were prepared in connection with preparing
13 checks?

14 A. I don't know.

15 Q. Did you refer to the computer at
16 BLMIS by any term or name?

17 A. No.

18 Q. Or did you --

19 I'd like to show you a document.

20 It's been previously marked as Trustee 49. The
21 title is "Madoff Investment Securities House 17
22 Manual." It's rather long, so if you don't mind
23 flipping through it, I'll ask you questions
24 about specific pages and then a couple general
25 questions up front as well.

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1 in the computer system?

2 A. Yes.

3 Q. Does "namenu" refer to the menu
4 for updating customer name/address files?

5 A. Yes.

6 Q. Can you go to the next page, so
7 MADTSS00336551. Do you see at the top of the
8 page, can you just read that first -- those
9 first three lines.

10 A. "For profit/dividend/interest."

11 Q. And just read right below that.

12 A. "S - send; R - reinvest."

13 Q. Do you know what that paragraph is
14 referring to?

15 A. Maybe some customers wanted a
16 check sent to them, some wanted it reinvested.
17 That's it.

18 Q. Do you recall updating into the
19 computer system if a customer account was send
20 or reinvest?

21 A. Will you repeat.

22 Q. Do you recall making an entry into
23 the computer system to update a customer account
24 as send or reinvest?

25 A. Yes.

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1 Q. How would you know when to enter a
2 customer update for send/reinvest into the
3 computer system?

4 A. How would I know when to? When
5 one of the bosses asked me to.

6 Q. I'd like to show you a document
7 that will be marked as Trustee's Exhibit 57.
8 MADTBB03079122 is the Bates number.

9 (Trustee Exhibit 57 marked for
10 identification.)

11 A. Okay.

12 Q. What do you understand this
13 document to be? Not a single page but just the
14 document as a whole.

15 A. So this is just a customer account
16 number, the name, the address, asking to send a
17 check, reinvest. Over the time they change it,
18 send, reinvest, send, reinvest. Pretty much
19 what it says.

20 Q. Are you referring to the page
21 MADTBB03079123 with "name/address file
22 maintenance" at the top?

23 A. Yes.

24 Q. So, when you said send/reinvest,
25 are you talking about the letters that are

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1 handwritten on the bottom half of the page?

2 A. Yes, all the changes that were
3 made, yes.

4 Q. Can you turn to the last page in
5 the file. The Bates stamp is MADTBB03079156.

6 A. Yes.

7 Q. What do you understand these
8 notations to be?

9 A. This is the same thing, reinvest
10 one time, send, reinvest, send. Different
11 people change them. That's all this is, really.

12 Q. So, do you recognize any of the
13 handwriting on this page?

14 A. I do.

15 Q. Whose handwriting --

16 A. The handwriting, oh, I don't
17 remember the handwriting. I recognize the
18 initials.

19 Q. What initials do you recognize?

20 A. Well, mine is there for sure. A
21 couple other girls that I guess worked with me.

22 Q. Are your initials --

23 A. 2/19/93.

24 Q. Okay. Your initials --

25 A. And 11/8, at the bottom.

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1 So I guess I did start earlier
2 than I did say.

3 Q. Is your handwriting next to the
4 dated initials there, or is that someone else's
5 handwriting?

6 A. 2/19/93 is mine and 11/8 is mine.

7 Q. Is your handwriting also listed --
8 so, next to where it has 11/8 and your initials
9 is written "change to S." Is that your
10 handwriting?

11 A. Just the initial is just mine.
12 The date and the initial, that's all that's
13 mine. The date and the initials.

14 Q. What would cause you to date and
15 initial this folder?

16 A. So a customer would request they
17 either want their money sent or reinvested.
18 Whoever they gave it to, whichever manager would
19 bring it to us and say do it, and we would do
20 it. That's pretty much all to this.

21 Q. Would the manager -- when you say
22 the manager, do you mean the account manager for
23 the BLMIS customer account?

24 A. It could be any manager, Annette,
25 Jodi, Frank, whoever was, you know, handling the

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1 account.

2 Q. Would the BLMIS account manager
3 write the date and note here? Do you know who
4 would write the date and note here before you
5 initialed it?

6 A. No. No, I don't.

7 Q. If you dated and initialed a file
8 folder like the one we've been looking at, for
9 Trustee's Exhibit 57, would you also make a
10 corresponding change in the computer system?

11 A. I'd say you had to change it.

12 Q. So would you initial and date the
13 file folder to show that you had changed the
14 information --

15 A. Yes.

16 Q. -- in the computer system?

17 A. Yes.

18 Q. If you can turn back to Exhibit
19 54, please, I will have one quick question for
20 you on that exhibit.

21 So Exhibit 54, the first page has
22 "House 17 Work Logs 1993 and '94." And the page
23 is MADTSS00998268.

24 A. Okay.

25 Q. Do you see your handwriting on